GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4114
ANSWERED ON:09.08.2002
GLOBAL ECONOMY
ANANDRAO ADSUL

Will the Minister of FINANCE be pleased to state:

(a) Whether the United Nations Trade and Development Report has pointed out that only India and China have demonstrated a reversal in the global economy in the Asian region;

(b) if so, the other main points mentioned in the report;

(c) whether according to the report, the growth in the world economy slowed down sharply the year 2001;

(d) if so, whether the Union Government have examined this report; and

(e) if so, the steps being taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT G. GEETE)

(a),(b)&(c) : Yes Sir. The United Nations Trade and DevelopmentReport (2002) mentions that only China and India, two large and relatively closed economies, were by and large immune from the downward pressure of world markets. The Report also mentions that growth in the world economy slowed sharply in 2001; performance was week in all three leading economic regions (viz the United States, Japan and European Union) in the developed world, and the spillover effects on developing countries were much stronger than in previous downturns in the 1990s. It also mentions that several emerging-market economies in East Asia and Latin America entered into recession.

(d)&(e) : Observations made by various multilateral organisations and others are kept in view by the Government in formulation of appropriate economic policies and measures. The Government has already taken several steps to promote domestic and foreign investment, which amongst others include liberalization of policies in trade, industry, infrastructure, financial sectors, rationalization and reduction of both direct and indirect taxes, reduction of interest rates, tax holidays for investment in infrastructure and backward areas, combined with sound-macro economic policies so as to stimulate economic growth with stability in prices and exchange rates.